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The Week in Washington D.C. - December 31, 2012

After a marathon weekend, Senate leaders on Monday announced they had reached a deal to avert the fiscal cliff. The Senate subsequently voted to pass the compromise, HR 8, American Taxpayer Relief Act, by a vote of 89 to 8. The House ultimately approved the measure on a much narrower vote, 257-167, with Republicans split almost two to one against the measure (85 to 151) while Democrats favored it by about 11 to one (172 to 16).

The measure permanently extends Bush-era income and other tax cuts for taxable income up to \$400,000 for individuals and \$450,000 for couples, but allows tax rates to rise from 35% to 39.6% on income over that level. It increases tax rates for capital gains and dividends on such income from 15% to 20%, and increases the estate tax from 35% to 40%. The bill also extends long-term unemployment benefits for an additional year, prevents a 27% cut in Medicare reimbursement rates, extends some of the funding levels in the farm bill through FY 2013 and postpones the across-the-board sequestration cuts. These across-the-board sequestration cuts resulted from the debt limit debate in 2011 and led to enactment of the Budget Control Act. That law provided for \$917 billion in 10-year savings by setting discretionary spending caps. After a special congressional panel was unable to identify another \$1.2 trillion in savings, automatic cuts to achieve those savings with the first \$109 billion were to occur in January 2013. NACO's report on sequestration and what programs would be impacted can be found here.

According to the <u>Congressional Budget Office</u>, HR 8 will increase the federal deficit by \$4 trillion over the next 10 years. Republicans have indicated that by addressing the tax issue now, it will allow the 113th Congress, which is scheduled to convene on Thursday, to focus primarily on spending cuts during the debt ceiling debate that will occur in the coming months. If Congress does not increase the debt ceiling the federal government will default on its bills and financial obligations.

Monday, December 31, 2012

Legislation Considered Under Suspension of the Rules:

HR 2076 – Senate Amendments to *Investigative Assistance for Violent Crimes Act*- The bill would permit the attorney general or the Homeland Security Department to provide assistance to local law enforcement when requested for particular investigations. Specifically, such assistance could be granted in investigations of violent acts or shootings that occur in venues such as schools, colleges, universities, non-federal office buildings, malls and other "places of public use."

HR 6190 - *Juvenile Accountability Block Grant Reauthorization and Bullying Prevention and Intervention Act* - This bill reauthorizes the Juvenile Accountability Block Grants (JABG) program through FY 2017, authorizing \$40 million per year for the program. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenue.

Thursday, January 3, 2013

Before being sworn in, the members-elect will choose the Speaker for the 113th Congress. Following the vote, the minority leader and Speaker-designate will make speeches, the Speaker will be sworn in, and he will then administer the oath to the members and delegates.